

SEP 10, 1996

MEMORANDUM FOR COMPONENT STANDARDS IMPROVEMENT EXECUTIVES

SUBJECT: Changes to Process Standards Canceled Without
Replacement on Existing Contracts Under the Single
Process Initiative

A guiding principle of specification and standards reform is to leave manufacturing and management processes to the contractor's discretion. This gives the contractor flexibility to determine how to do business and, in the end, will eliminate costs associated with unnecessary activity. With this in mind, the Defense Standards Improvement Council canceled a number of process standards without replacement. In implementing the Single Process Initiative some have questioned what action is appropriate for removing military specifications or standards which have been canceled without replacement, but which are cited as requirements on existing contracts.

First, it is important to recognize that the Council's cancellation action by itself, does not affect existing contracts. The Single Process Initiative offers the opportunity for the contractor to take action to eliminate these canceled standards. It is inappropriate for the government to dictate to industry a replacement process standard for existing contracts. For process standards canceled without replacement, it is the responsibility of the contractor to re-examine each affected process and determine the correct course of action. The contractor's options include:

- Replace with a product performance requirement
- Replace with a non-government standard
- Replace with a contractor-defined process
- Delete the canceled specification or standard from the contract without replacement

When the contractor proposes process changes on existing contracts under the Single Process Initiative, the government's contractual role is to review the proposal to ensure that contractor performance and product performance risks are acceptable. The contractor must, of course, provide evidence, e.g., process maturation metrics, demonstrating an acceptable

risk level for the proposed change. A key factor that government representatives must consider is that complete elimination of any reference to a process requirement in the contract may be an acceptable alternative. Our new paradigm of leaving processes to contractor discretion demands careful consideration of when it is absolutely essential that the government both dictate and control manufacturing processes, and to avoid such intervention whenever possible.

Please use this guidance in responding to contractor Single Process Initiative proposals.

/signed/

Walter B. Bergmann, II
Chairman,
Defense Standards Improvement Council

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